

SERVICE-DISABLED VETERANS SMALL BUSINESS FEDERAL PROCUREMENT PREFERENCE ACT OF 2002

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OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

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Mr. EVANS. Mr. Speaker, today I am introducing H. R. 5583, "Service-Disabled Veterans' Small Business Federal Procurement Preference Act of 2002. " This bill would provide service-disabled veterans and "other handicapped" individuals who own small business firms a time-delimited preference in the award of Federal contracts.

This legislation is clearly needed. While the Veterans Entrepreneurship and Small Business Development Act of 1999 established a 3 percent goal for the award of Federal contracts to service-disabled veteran-owned small business firms under the Small Business Act, no practical means exists for Federal agencies to achieve this goal under existing statutory authorities. Not surprisingly, Federal agencies have failed to achieve the 3 percent goal.

Compared to their non-veteran peers, veterans have postponed the opportunity to begin a small business while serving the nation in uniform. During their military service veterans have forgone establishing essential business credit and contacts which are pivotal to successfully starting a business. Due to their military service, our veterans are technically, an economically disadvantaged group compared to their non-veteran peers. Veterans have willingly sacrificed their lifetime earning potential to serve our nation in uniform. This is particularly so for service-disabled veterans who have sacrificed their mobility, health and well-being serving this country.

Service-disabled veterans are additionally economically disadvantaged given the reluctance of many lenders to extend lines of business credit to handicapped individuals. Regardless of their abilities, when financial institutions perceive a service-disabled veteran to be a greater risk, service-disabled veterans are further disadvantaged. Service-disabled veterans and handicapped individuals, in general, are often perceived by society to be less capable. Like others, service-disabled veterans and handicapped individuals simply need the opportunity to demonstrate their skills and abilities. This legislation provides that opportunity which for many is not otherwise available.

Service-disabled veterans and other handicapped individuals are discriminated against both in financial markets, relative to their access to capital, and in the marketplace, relative to opportunities to equally compete. It is therefore in this sense, and in no other, that service-disabled veterans and other handicapped individuals are economically and socially disadvantaged.

To provide service-disabled veterans real opportunity, this legislation provides a time-delimited preference in the award of Federal contracts. The existing statutory vehicle which provides a time-delimited preference is the 8(a) program under the Small

Business Act. 8(a) was specifically established to assist economically and socially disadvantaged small business firms compete in the Federal marketplace. This bill adds both service-disabled veterans and other handicapped individuals to the list of identified individuals presumed to be socially and economically disadvantaged under the Small Business Act 8(a) Program.

In order to not lessen the opportunities for individuals already presumed to be socially and economically disadvantaged under the Small Business Act 8(a) Program, this legislation retains the existing 5 percent goal for these groups. It also provides a separate 3 percent goal for service-disabled veteran owned small business firms and a separate 2 percent goal for other handicapped individuals. These changes increase the aggregate goal for the award of Federal contracts to socially and economically disadvantaged small business firms to 10 percent.

Paralleling the newly specified goals for small business concerns owned and controlled by both veterans and other handicapped individuals, the Government-wide goal for participation by small business concerns is increased. The total value of all prime contracts and subcontracts awarded to small business concerns each fiscal year is increased from 23 percent to 28 percent.

Last and not least, the Service-Disabled Veterans' Small Business Federal Procurement Preference Act of 2002, requires all Federal agencies to establish agency-specific procurement goals for small businesses, and each category of small businesses, that are at least equal to legislatively specified government-wide goals. Currently, all goals specified for the award of Federal contracts under the Small Business Program are to be achieved collectively by all Federal agencies on a government-wide basis. Each Federal agency, on the other hand, is only required to establish goals which reflect the maximum practicable opportunity for small business concerns to participate in the contracts that it awards. It is therefore of little surprise that the achievement of SBA procurement goals, both across government and by individual Federal agencies, are significantly less than those specified in existing statute.

Again, this legislation will benefit service-disabled veterans and other handicapped individuals without adversely impacting any other preference group. This legislation can help open the door to opportunity for service-disabled veterans which has been closed too long. I urge my colleagues to support and cosponsor this important legislation.

Mr. Speaker, I also gratefully acknowledge the assistance Pam Corsini has provided with the development of this legislation. A Brookings Institution LEGIS Fellow, Pam has been working with the Democratic Staff of the House Committee on Veterans Affairs and has made many invaluable contributions to the work of the Committee and Congress. We are fortunate to have received her contributions and assistance. Thank you, Pam, for a job well done.